

# Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other				Local Government Name		County	
Audit Date		Opinion Date		Date Accountant Report Submitted to State:			

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☐ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☐ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☐ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☐ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☐ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☐ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☐ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☐ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			
Reports on individual federal financial assistance programs (program audits).			
Single Audit Reports (ASLGU).			

Certified Public Accountant (Firm Name)				
Street Address		City	State	ZIP Code
Accountant Signature <i>Siegfried Crandall P.C.</i>			Date	

*Charter Township of South Haven*  
*Van Buren County, Michigan*  
**FINANCIAL STATEMENTS AND**  
**INDEPENDENT AUDITORS' REPORT**  
*Year ended December 31, 2004*

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***Charter Township of South Haven***  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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The following discussion and analysis is intended as a narrative overview of the Charter Township of South Haven's operations over the fiscal year and its financial condition on December 31, 2004.

**Financial highlights**

- The Township's total net assets increased \$94 thousand (6 percent) as a result of this year's operations.
- Of the \$1.6 million total net assets reported, \$1.3 million is available to be used to meet future operating and capital improvement needs.
- The General Fund unreserved undesignated fund balance at the end of the fiscal year was \$835 thousand, which represents 138 percent of the actual total General Fund expenditures for the fiscal year.

**Overview of the financial statements**

This discussion and analysis introduces the Township's basic financial statements that follow this section. These financial statements are in a new format implemented over this fiscal year to comply with Governmental Accounting Standards Board Statement 34 (GASB 34). The Township's basic financial statements are comprised of four parts: management's discussion and analysis, the basic financial statements, required supplementary information, and an optional section that presents combining statements for nonmajor governmental funds. The basic financial statements include two kinds of statements that present different views of the Township:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the Township's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Township government, reporting the Township's operations in more detail than the government-wide financial statements. The governmental funds statements tell how general government services like public works and public safety were financed in the short term as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The financial statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

Because this is the first year of this reporting format, a comparative analysis of the basic financial statements was not possible. Comparative analyses of the basic financial statements will be made in subsequent years.

**Government-wide statements**

The government-wide financial statements report information about the Township as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets and the statement of activities include all of the Township's assets and liabilities. is received or paid.

**Charter Township of South Haven**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

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All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Township's net assets and how they have changed. Net assets - the difference between the Township's assets and liabilities - is one way to measure the Township's financial health, or position.

- Over time, increases or decreases in the Township's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the Township you need to consider additional nonfinancial factors such as changes in the Township's property tax base and the condition of the Township's capital assets.

The government-wide financial statements present *governmental activities*. These activities include functions most commonly associated with government (e.g., general government, public works, parks, etc.). Property taxes and intergovernmental revenues generally fund these services.

**Fund financial statements**

The fund financial statements provide more detailed information about the Township's most significant funds - not the Township as a whole. Funds are accounting devices that the Township uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by state law and by bond agreements.
- The Township Board establishes other funds to control and manage money for particular purposes (like debt service) or to show that it is properly using certain taxes and other revenues (like the Fire and Ambulance, Police, and other governmental funds).

The Township has two kinds of funds:

1. *Governmental funds.* Most of the Township's basic services are included in governmental funds, which focus on (1) how cash, and other financial assets that can be readily converted to cash, flow in and out and, (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement that explains the relationship between them.
2. *Fiduciary funds.* These funds are used to account for the collection and disbursement of resources, primarily taxes, for the benefit of parties outside the government. The Township is responsible for ensuring that the assets reported in these funds are used for their intended purpose. The Township's fiduciary activities are reported in separate statement of fiduciary net assets – agency fund. We exclude these activities from the Township's government-wide financial statements because the Township cannot use these assets to finance its operations.

**Charter Township of South Haven**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

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**Financial analysis of the government as a whole**

*Net assets*

Total net assets at the end of the fiscal year were \$1.6 million, an increase of 6% over the prior year. However, \$248 thousand of this total is invested in capital assets, and \$3 thousand is restricted for public safety. Consequently, unrestricted net assets were \$1.3 million, 84% of the total.

*Condensed financial information*  
*net assets (in thousands)*

Current and other assets	\$5,692.0
Capital assets	<u>248.1</u>
Total assets	<u>5,940.1</u>
Long-term debt outstanding	3,323.3
Other liabilities	<u>1,040.2</u>
Total liabilities	<u>4,363.5</u>
Net assets	
Invested in capital assets	248.1
Restricted	2.6
Unrestricted	<u>1,325.9</u>
Total net assets	<u>\$1,576.6</u>

**Charter Township of South Haven**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

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*Changes in net assets*

The Township's total revenues are \$1.3 million. Approximately 45% of the Township's revenues come from property taxes, and 26% is received as State Revenue Sharing. About 28% of total revenues come from charges for services.

*Condensed financial information*  
*Changes in net assets (in thousands)*

Program revenues	
Charges for services	\$ 374.3
Operating grants	3.7
General revenues	
Property taxes	601.7
State grants	320.0
Investment income	7.3
Other	<u>23.2</u>
Total revenues	<u>1,330.2</u>
Expenses	
Legislative	3.9
General government	225.2
Public safety	509.9
Public works	103.3
Health and welfare	59.9
Community and economic development	40.0
Recreation and culture	60.4
Debt service – interest	<u>233.3</u>
Total expenses	<u>1235.9</u>
Increase in net assets	<u>\$ 94.3</u>

**Charter Township of South Haven**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

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*Governmental activities*

Governmental activities increased the Township's net assets by \$94 thousand reflecting the excess of property taxes and intergovernmental revenues over the net cost of services.

The cost of all governmental activities this year was \$1.2 million. After subtracting the direct charges to those who directly benefited from the programs (\$374 thousand), and other operating grants (\$4 thousand), the "public benefit" portion covered by taxes, state revenue sharing and other general revenues was \$858 thousand.

**Financial analysis of the Township's funds**

At December 31, 2004, the Township's governmental funds reported a combined fund balance of \$1.4 million, approximately \$16 thousand more than last year.

Revenues, including an interfund transfer, in the General Fund exceeded expenditures by \$15 thousand.

The Fire and Ambulance Fund revenues and expenditures were approximately equal, since the fire and ambulance millage is substantially paid to an intergovernmental authority for the Township's share of these services annually.

**General Fund budgetary highlights**

The Township did not amend the General Fund budget during the year.

Revenues, including an operating transfer to cover a portion of police service costs, were \$86 thousand more than budgeted amounts. The operating transfer of \$72 thousand was made from the Police Fund, representing the amount of the approved Police tax millage, but was not included in the budget. General Fund expenditures were \$50 thousand more than appropriated. The revenue in excess of budget exceeded the expenditure overages, which resulted in a net \$36 thousand positive net change in fund balance, instead of the budgeted decrease of \$21 thousand.

Excess expenditures over budget for building inspections of \$45 thousand were offset by actual permit and fee revenues of \$40 thousand more than budget, both were not anticipated in the budget. Other negative expenditure variances included highway and streets (\$17 thousand) representing unanticipated road project costs, an unbudgeted airport authority appropriation (\$25 thousand), and higher than anticipated planning and zoning costs (\$7 thousand).

**Capital asset and debt administration**

*Capital assets*

At December 31, 2004, the Township had invested \$248 thousand in various capital assets, net of \$184 thousand accumulated depreciation, including its land, buildings, equipment and shared road costs. The 2004 increase of \$57 thousand represents the amount of shared road construction costs added in 2004. The road costs are classified as infrastructure, and are required to be capitalized beginning in 2004 under GASB 34.



**Charter Township of South Haven**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

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*Long-term debt*

At year end, the Township had \$3.6 million in outstanding contracts payable included in its governmental activities, representing \$3.5 million in assessments being collected for the payment of four water and sewer bonds issued by Allegan and Van Buren Counties, and \$48 thousand due to Van Buren County for the Township's share of drain costs.

The Township pays amounts collected on assessments to the South Haven Township and Casco Township Water and Wastewater Treatment Authority. The Authority then makes bond payments to the Counties when due. The Township is contingently liable for \$12.3 million of outstanding water and sewer system bonds payable, in excess of the amounts which are to be repaid from collections of special assessments currently levied against properties within the Township. The Township has pledged its full faith and credit toward the total amounts due and anticipates that additional future assessments and other customer charges will be used to pay the contract liabilities. However, since the inception of the Water and Wastewater Treatment Authority, the Township has advanced \$443 thousand to cover required debt service payments in excess of amounts available to the Authority.

The County of Allegan refinanced two prior bond issues, combining them into one new bond issue in 2004. The refinancing did not affect the balances due from assessed properties within the Township, but it did reduce South Haven Township's share (51%) of the total combined debt service costs of the two bond issues by \$584 thousand in reduced interest expense over the term of the bonds to 2017.

Detailed information about the Township's long-term liabilities is presented in Note 7 to the financial statements.

**Economic condition and outlook**

At December 31, 2004, approximately \$1.3 million is available for appropriation in the General Fund budget.

Small increases in property taxes are again expected in 2005, resulting in an overall increase in total revenues.

The Township has not added major new programs or initiatives to the 2005 budget. Certain costs, for example for elections, will decrease; other costs, including police services, are likely to increase.

Overall, the General Fund fund balance is expected to increase slightly in 2005.

The Township was required to make an additional \$76,215 advance to the Water and Wastewater Treatment Authority to cover debt service costs in April, 2005. The advance will be included in cumulative amounts receivable from the Authority, and will not reduce the General Fund fund balance. However, this amount will reduce the cash available for future appropriations.

Revenues and expenditures in the other governmental funds are approximately equal each year. These funds record approved tax levies for specific purposes, including police, fire and ambulance, library, hospital and debt service costs, which are paid to the appropriate entities annually. There are no significant fund balances in these governmental funds.

***Charter Township of South Haven***  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

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**Contacting the Township's financial management**

This financial report is designed to provide a general overview of the Township's finances to its citizens, customers, investors and creditors, and to demonstrate the Township's accountability for the money it receives. Questions regarding any information provided in this report or request for additional financial information should be addressed to the Charter Township of South Haven Supervisor's office at 09761 Blue Star Memorial Highway, South Haven, Michigan 49090, Phone: (269) 637-3305.

## INDEPENDENT AUDITORS' REPORT

**Board of Trustee's  
Charter Township of South Haven, Michigan**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Charter Township of South Haven, Michigan, as of December 31, 2004, and for the year then ended, which collectively comprise the Township's basic financial statements, as listed in the contents. These financial statements are the responsibility of the Charter Township of South Haven, Michigan's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Charter Township of South Haven, Michigan, as of December 31, 2004, and the respective changes in financial position for the year then ended in conformity with U.S. generally accepted accounting principles.

As described in Note 16, the Township has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, as of January 1, 2004.

The management's discussion and analysis and budgetary comparison information, on pages 21 through 23, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter Township of South Haven, Michigan, basic financial statements. The supplementary information, as listed in the contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Sigfried Crandall P.C.*

March 17, 2005

**Charter Township of South Haven****STATEMENT OF NET ASSETS**

December 31, 2004

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	<u><b>Governmental activities</b></u>
<b>ASSETS</b>	
Current assets:	
Cash	\$ 1,126,182
Receivables (net)	816,978
Prepaid expenses	<u>6,370</u>
Total current assets	<u>1,949,530</u>
Noncurrent assets:	
Receivables (net)	3,742,488
Capital assets (net of accumulated depreciation)	<u>248,129</u>
Total noncurrent assets	<u>3,990,617</u>
Total assets	<u>5,940,147</u>
<b>LIABILITIES</b>	
Current liabilities:	
Payables	174,082
Deferred revenue	596,797
Current portion of long-term obligations	<u>269,301</u>
Total current liabilities	<u>1,040,180</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations	<u>3,323,287</u>
Total liabilities	<u>4,363,467</u>
<b>NET ASSETS</b>	
Invested in capital assets	248,129
Restricted - public safety	2,608
Unrestricted	<u>1,325,943</u>
Total net assets	<u><u>\$ 1,576,680</u></u>

See notes to financial statements

**Charter Township of South Haven**  
**STATEMENT OF ACTIVITIES**  
Year ended December 31, 2004

Functions/Programs	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (expenses) revenues and changes in net assets</u>
		<u>Charges for services</u>	<u>Operating grants and contributions</u>	
Governmental activities:				
Legislative	\$ 3,895	\$ -	\$ -	\$ (3,895)
General government	225,200	3,218	-	(221,982)
Public safety	509,895	80,641	-	(429,254)
Public works	103,306	48,205	3,665	(51,436)
Health and welfare	59,902	-	-	(59,902)
Community and economic development	40,055	8,997	-	(31,058)
Culture and recreation	60,407	-	-	(60,407)
Debt service - interest	<u>233,275</u>	<u>233,275</u>	<u>-</u>	<u>-</u>
Total governmental activities	<u>\$ 1,235,935</u>	<u>\$ 374,336</u>	<u>\$ 3,665</u>	<u>(857,934)</u>
General revenues:				
Taxes				601,666
State grants				320,083
Investment income				7,292
Other				<u>23,225</u>
Total general revenues				<u>952,266</u>
Change in net assets				94,332
Net assets - beginning				<u>1,482,348</u>
Net assets - ending				\$ 1,576,680

See notes to financial statements

**Charter Township of South Haven**  
**BALANCE SHEET - governmental funds**  
December 31, 2004

	<u>General</u>	<u>Fire and Ambulance</u>	<u>Debt Service</u>	<u>Total nonmajor governmental funds</u>	<u>Total governmental funds</u>
<b>ASSETS</b>					
Cash	\$ 848,333	\$ 88,970	\$ 110,982	\$ 77,897	\$ 1,126,182
Receivables	<u>620,437</u>	<u>243,940</u>	<u>3,544,147</u>	<u>150,942</u>	<u>4,559,466</u>
Total assets	<u>\$1,468,770</u>	<u>\$ 332,910</u>	<u>\$3,655,129</u>	<u>\$ 228,839</u>	<u>\$ 5,685,648</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Payables	\$ 36,998	\$ -	\$ 110,982	\$ 26,102	\$ 174,082
Deferred revenue	<u>63,758</u>	<u>330,302</u>	<u>3,544,147</u>	<u>202,737</u>	<u>4,140,944</u>
Total liabilities	<u>100,756</u>	<u>330,302</u>	<u>3,655,129</u>	<u>228,839</u>	<u>4,315,026</u>
Fund balances:					
Reserved for capital improvements	90,000	-	-	-	90,000
Reserved for advance to water and sewer joint venture	443,014	-	-	-	443,014
Unreserved, undesignated	<u>835,000</u>	<u>2,608</u>	<u>-</u>	<u>-</u>	<u>837,608</u>
Total fund balances	<u>1,368,014</u>	<u>2,608</u>	<u>-</u>	<u>-</u>	<u>1,370,622</u>
Total liabilities and fund balances	<u>\$1,468,770</u>	<u>\$ 332,910</u>	<u>\$3,655,129</u>	<u>\$ 228,839</u>	

Amounts reported for *governmental activities* in the statement of net assets (page 4) are different because:

Capital assets used in *governmental activities* are not financial resources and, therefore, are not reported in the funds.

248,129

Prepaid expenses are not a current financial resource and, therefore, are not reported in the funds.

6,370

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.

3,544,147

Long-term liabilities, including contracts payable, are not due and payable in the current period and, therefore, are not reported in the funds.

(3,592,588)

Net assets of *governmental activities*

\$ 1,576,680

See notes to financial statements

**Charter Township of South Haven**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - governmental funds**

Year ended December 31, 2004

	<u>General</u>	<u>Fire and Ambulance</u>	<u>Debt Service</u>	<u>Total nonmajor governmental funds</u>	<u>Total governmental funds</u>
<b>REVENUES</b>					
Taxes	\$ 102,431	\$ 307,148	\$ -	\$ 192,087	\$ 601,666
Licenses and permits	80,561	-	-	-	80,561
State grants	323,748	-	-	-	323,748
Charges for services	10,070	-	-	-	10,070
Interest and rentals	9,592	-	233,275	-	242,867
Other	23,225	-	351,800	-	375,025
Total revenues	<u>549,627</u>	<u>307,148</u>	<u>585,075</u>	<u>192,087</u>	<u>1,633,937</u>
<b>EXPENDITURES</b>					
Legislative	3,895	-	-	-	3,895
General government	213,539	-	-	-	213,539
Public safety	203,861	306,034	-	-	509,895
Public works	109,911	-	-	-	109,911
Health and welfare	-	-	-	59,902	59,902
Community and economic development	40,055	-	-	-	40,055
Culture and recreation	-	-	-	60,407	60,407
Debt service:					
Principal	35,470	-	351,800	-	387,270
Interest	-	-	233,275	-	233,275
Total expenditures	<u>606,731</u>	<u>306,034</u>	<u>585,075</u>	<u>120,309</u>	<u>1,618,149</u>
<b>DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	<u>(57,104)</u>	<u>1,114</u>	<u>-</u>	<u>71,778</u>	<u>15,788</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating transfer in	71,778	-	-	-	71,778
Operating transfer out	-	-	-	(71,778)	(71,778)
Total other financing sources (uses)	<u>71,778</u>	<u>-</u>	<u>-</u>	<u>(71,778)</u>	<u>-</u>
<b>NET CHANGES IN FUND BALANCES</b>	<u>14,674</u>	<u>1,114</u>	<u>-</u>	<u>-</u>	<u>15,788</u>
<b>FUND BALANCES - BEGINNING</b>	<u>1,353,340</u>	<u>1,494</u>	<u>-</u>	<u>-</u>	<u>1,354,834</u>
<b>FUND BALANCES - ENDING</b>	<u>\$1,368,014</u>	<u>\$ 2,608</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,370,622</u>

See notes to financial statements



**Charter Township of South Haven**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -**  
**governmental funds (Continued)**  
*Year ended December 31, 2004*

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Net change in fund balances - total governmental funds	\$ 15,788
Amounts reported for <i>governmental activities</i> in the statement of activities (page 5) are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays (\$56,622) exceeded depreciation (\$14,238) in the current period.	42,384
Prepaid expenses are not a current financial resource and, therefore, are not reported in the funds.	690
Creation of special assessments do not provide current financial resources to the governmental funds, thereby increasing deferred revenue in the governmental funds. Collections on special assessments receivable is a revenue in the governmental funds, but the collections reduce long-term receivables in the statement of net assets. This is amount by which collections (\$351,800) exceeded new special assessments created (\$48,130) in the current period.	(303,670)
Creation of long-term contracts payable do not require the use of current financial resources in the governmental funds, but creating contracts payable increases long-term liabilities in the statement of net assets. Repayment of contract principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which repayments (\$387,270) exceeded contracts created (\$48,130) in the current period.	<u>339,140</u>
Change in net assets of <i>governmental activities</i>	<u>\$ 94,332</u>

*See notes to financial statements*

**Charter Township of South Haven**  
**STATEMENT OF FIDUCIARY NET ASSETS - agency fund**  
*December 31, 2004*

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**ASSETS**

Cash	\$ 394,630
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**LIABILITIES**

Payables	\$ 394,630
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*See notes to financial statements*

**Charter Township of South Haven**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The accounting policies of the Charter Township of South Haven, Michigan (the Township), conform to U.S. generally accepted accounting principles (hereinafter referred to as generally accepted accounting principles) as applicable to governments. The following is a summary of the more significant policies.

*a) Reporting entity:*

The accompanying financial statements present only the Township. There are no component units, entities for which the Township is considered to be financially accountable.

*b) Government-wide and fund financial statements:*

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the Township. The effect of inter-fund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

*c) Measurement focus, basis of accounting, and financial statement presentation:*

The government-wide financial statements are reported using the economic resources, measurement focus, and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources, measurement focus, and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township generally considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

State grants, licenses and permits, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable only when cash is received by the government.

**Charter Township of South Haven**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

**c) *Measurement focus, basis of accounting, and financial statement presentation* (continued):**

The Township reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the Township, except those required to be accounted for in another fund. Revenues are primarily derived from property taxes and state shared revenue.

The Fire and Ambulance Fund accounts for the operating contributions made to the joint venture described in Note 9.

The Debt Service Fund accounts for the issuance and payment of debt related to Water and Sewer improvements.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in the government-wide financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board (GASB). The Township has elected not to follow subsequent private-sector standards.

The Township reports a single fiduciary fund, Agency Fund, which accounts for assets held by the Township in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Amounts reported as program revenues include: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

**d) *Assets, liabilities, and net assets or equity:***

i) *Bank deposits* - Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Pooled interest income is proportionately allocated to all funds.

ii) *Receivables* - In general, outstanding balances between funds are reported as "due to/from other funds." No allowance for uncollectible accounts has been recorded as the Township considers all receivables to be fully collectible.

iii) *Prepaid items* - Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

iv) *Capital assets* - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or

**Charter Township of South Haven**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

**d) Assets, liabilities, and net assets or equity (Continued):**

iv) *Capital assets* (continued) - estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Governments can elect to account for infrastructure assets either retroactively to June 15, 1980, or prospectively. The Township has elected to account for infrastructure assets prospectively, beginning January 1, 2004.

Capital assets are depreciated using the straight-line method over the following useful lives:

Land improvements	20 - 40 years
Buildings and improvements	20 - 40 years
Equipment	3 - 5 years
Roads	30 years

v) *Fund equity* - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

vi) *Property tax revenue recognition* - Property taxes are levied as of December 1 on property values assessed as of December 31 of the prior year. The billings are due on or before February 14, after which time the bill becomes delinquent and penalties and interest may be assessed by the Township. Property tax revenue is recognized in the year for which taxes have been levied and become available. The Township levy date is July 1, and, accordingly, the total levy is recognized as revenue in the current year.

**NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:**

Budgetary information - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. The budget document presents information by fund, function, and department. The legal level of budgetary control adopted by the governing body is the activity level. All annual appropriations lapse at the end of the fiscal year.

The following schedule sets forth significant budget variations:

<u>Fund</u>	<u>Function</u>	<u>Activity</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General	General government	Election	\$ 6,000	\$ 11,396	\$ (5,396)
	Public safety	Building inspections	32,000	77,139	(45,139)
	Public works	Highways and streets	50,000	67,319	(17,319)
	Public works	Airport authority	-	24,886	(24,886)
	Community and economic development	Planning and zoning	33,000	40,050	(7,050)
Library	Culture and recreation	Library	-	60,407	(60,407)
Hospital	Health and welfare	Hospital	-	35,991	(35,991)
Seniors	Health and welfare	Seniors	-	23,911	(23,911)

**Charter Township of South Haven**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 3 - CASH:**

The Township's cash is as follows:

	<u>Governmental activities</u>	<u>Fiduciary</u>	<u>Total</u>
Cash	<u>\$ 1,126,182</u>	<u>\$ 394,630</u>	<u>\$ 1,520,812</u>

Deposits are carried at cost and are maintained at various financial institutions in the name of the Township. State statutes and the Township's investment policy authorize the Township to make deposits in the accounts of federally-insured banks, credit unions, and savings and loan associations. The Township's deposits are in accordance with statutory authority. At December 31, 2004, the Township has deposits with a carrying amount of \$1,520,449 and a bank balance of \$1,525,666. Of the bank balance, \$290,000 is covered by federal depository insurance and \$1,235,666 is uninsured.

**NOTE 4 - RECEIVABLES:**

Receivables as of year end for the government's individual major and nonmajor funds, in the aggregate, are as follows:

<u>Fund</u>	<u>Accounts</u>	<u>Property taxes</u>	<u>Special assessments</u>	<u>Inter- governmental</u>	<u>Total</u>
General	\$ 5,070	\$ 47,466	\$ -	\$ 567,901	\$ 620,437
Fire and Ambulance	-	243,940	-	-	243,940
Library	-	47,466	-	-	47,466
Hospital	-	28,283	-	-	28,283
Police	-	56,404	-	-	56,404
Seniors	-	18,789	-	-	18,789
Debt Service	-	-	3,544,147	-	3,544,147
Totals	<u>\$ 5,070</u>	<u>\$ 442,348</u>	<u>\$ 3,544,147</u>	<u>\$ 567,901</u>	<u>\$ 4,559,466</u>
Noncurrent portion	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,299,474</u>	<u>\$ 443,014</u>	<u>\$ 3,742,488</u>

All receivables are considered fully collectible.

**Charter Township of South Haven**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 5 - PROPERTY TAXES:**

The Township property tax is levied on each December 1 on the taxable valuation of property (as defined by state statutes) located in the Township as of the preceding December 31.

Although the Township 2004 ad valorem tax is levied and collectible on December 1, 2004, it is the Township's policy to recognize revenues from the current tax levy in the subsequent year when the proceeds of this levy are budgeted and made "available" for the financing of operations.

The 2004 taxable valuation of the Township totaled \$387,366,030, on which ad valorem taxes levied consisted of the following:

<u>Fund</u>	<u>Millage rate</u>	<u>Purpose</u>	<u>Taxes raised</u>
General	0.6002	Township operations	\$ 63,759
Fire and Ambulance	0.7132	Fire and ambulance	330,302
Library	0.2376	Library	63,759
Hospital	3.2000	Hospital	37,982
Police	0.6002	Police	75,764
Seniors	0.3576	Senior services	25,232

These amounts are recognized in the financial statements as taxes receivable, with an offsetting credit to deferred revenue. Taxes are considered delinquent on March 1, of the following year, at which time penalties and interest are assessed.

**NOTE 6 - DEFERRED REVENUES:**

Governmental funds report deferred revenues in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenues are as follows:

<u>Fund</u>	<u>Property taxes unearned</u>	<u>Special assessments unavailable</u>	<u>Total</u>
General	\$ 63,758	\$ -	\$ 63,758
Fire and Ambulance	330,302	-	330,302
Library	63,758	-	63,758
Hospital	37,982	-	37,982
Police	75,764	-	75,764
Seniors	25,233	-	25,233
Debt Service	-	3,544,147	3,544,147
Totals	<u>\$ 596,797</u>	<u>\$ 3,544,147</u>	<u>\$ 4,140,944</u>

**Charter Township of South Haven**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 7 - CAPITAL ASSETS:**

Capital asset activity for the year ended December 31, 2004, was as follows:

	<u>Beginning balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending balance</u>
Governmental activities:				
Capital assets not being depreciated - land	<u>\$ 100,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100,000</u>
Capital assets being depreciated:				
Land improvements	44,189	-	-	44,189
Buildings and improvements	178,640	-	-	178,640
Equipment	52,915	-	-	52,915
Infrastructure - shared road costs	<u>-</u>	<u>56,622</u>	<u>-</u>	<u>56,622</u>
Subtotal	<u>275,744</u>	<u>56,622</u>	<u>-</u>	<u>332,366</u>
Less accumulated depreciation for:				
Land improvements	(19,438)	(1,656)	-	(21,094)
Buildings and improvements	(110,011)	(6,452)	-	(116,463)
Equipment	(40,550)	(4,243)	-	(44,793)
Infrastructure - shared road costs	<u>-</u>	<u>(1,887)</u>	<u>-</u>	<u>(1,887)</u>
Subtotal	<u>(169,999)</u>	<u>(14,238)</u>	<u>-</u>	<u>(184,237)</u>
Total capital assets being depreciated (net)	<u>105,745</u>	<u>42,384</u>	<u>-</u>	<u>148,129</u>
Governmental activities capital assets, net	<u>\$ 205,745</u>	<u>\$ 42,384</u>	<u>\$ -</u>	<u>\$ 248,129</u>

Depreciation expense was charged to functions of the Township as follows:

Governmental activities:	
General government	\$ 12,351
Public works	<u>1,887</u>
Total governmental activities	<u>\$ 14,238</u>



**Charter Township of South Haven**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 8 - LONG-TERM LIABILITIES:**

Long-term debt at December 31, 2004, is comprised of the following individual issues:

*Special assessments:*

\$80,735 2003 North Phoenix Drain assessment, due to Van Buren County without interest in annual installments through 2007. \$ 48,441

*Contracts payable:*

\$631,508 1995 and 1997 water and sewer assessments, due to Allegan County in annual installments through 2017; interest at 451,821

\$1,470,023 1998 water and sewer assessments, due to Van Buren County in annual installments through 2019; interest at approximately 5.8%. 858,785

\$1,915,388 1999 water and sewer assessments, due to Van Buren County in annual installments through 2020; interest at approximately 6.3%. 1,084,952

\$1,212,372 2000 water and sewer assessments, due to Van Buren County in annual installments through 2021; interest at approximately 6.3%. 759,136

\$437,116 contracts payable, due to South Haven and Casco Township Water and Wastewater Treatment Authority in various annual installments; interest at approximately 6.0% 389,453

Total contracts payable \$ 3,544,147

Long-term liability activity for the year ended December 31, 2004, was as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Amounts due within one year</u>
2003 Phoenix Drain	\$ 64,588	\$ -	\$ (16,147)	\$ 48,441	\$ 16,147
2003 Peterson Drain	19,323	-	(19,323)	-	-
Contracts payable - 1997	479,827	-	(28,006)	451,821	34,755
Contracts payable - 1998	946,699	-	(87,914)	858,785	57,252
Contracts payable - 1999	1,224,808	-	(139,856)	1,084,952	67,810
Contracts payable - 2000	836,347	-	(77,211)	759,136	44,655
Contracts payable	<u>360,136</u>	<u>48,130</u>	<u>(18,813)</u>	<u>389,453</u>	<u>48,682</u>
Total long term liabilities	<u>\$ 3,931,728</u>	<u>\$ 48,130</u>	<u>\$ (387,270)</u>	<u>\$ 3,592,588</u>	<u>\$ 269,301</u>

**Charter Township of South Haven**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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NOTE 8 - LONG-TERM LIABILITIES (Continued):

Debt service requirements at December 31, 2004, were as follows:

	<u>Principal</u>	<u>Interest</u>
Year ended December 31:		
2005	\$ 269,301	\$ 217,367
2006	269,301	201,886
2007	269,301	186,404
2008	253,154	170,922
2009	253,154	155,441
2010 - 2014	1,168,407	547,899
2015 - 2019	952,851	218,510
2020 - 2024	<u>157,119</u>	<u>12,712</u>
Totals	<u>\$ 3,592,588</u>	<u>\$ 1,711,141</u>

The Township is contingently liable for \$12,329,391 of outstanding water and sewer system contracts payable in excess of the amounts, which are to be repaid from collections of special assessments currently levied against properties within the Township. The Township has pledged its full faith and credit toward the total amounts due and anticipates that additional future assessments and other customer charges will be used to pay the contract liabilities.

NOTE 9 - PAYABLES:

<u>Fund</u>	<u>Accounts</u>	<u>Inter- governmental</u>	<u>Total</u>
General	\$ 12,593	\$ 24,405	\$ 36,998
Hospital	-	26,102	26,102
Debt service	<u>-</u>	<u>110,982</u>	<u>110,982</u>
Total	<u>\$ 12,593</u>	<u>\$ 161,489</u>	<u>\$ 174,082</u>

**Charter Township of South Haven**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**NOTE 10 - INTERFUND TRANSFERS:**

A summary of interfund transfers for the year ended December 31, 2004, is as follows:

<u>Fund</u>	<u>Transfer in</u>	<u>Fund</u>	<u>Transfer out</u>
General	\$ <u>71,778</u>	Police	\$ <u>71,778</u>

The transfer to the General Fund represents restricted revenues collected in the Police Fund to pay for operational costs of the public safety functions accounted for in the General Fund.

**NOTE 11 - JOINT VENTURES:**

The Township, together with the Township of Casco, established a joint water and sewage treatment authority under the provisions of Public Act 233 of 1955, in order to acquire and operate water and sewage treatment systems to benefit both townships. The Township has advanced \$443,014 for its share of certain costs of the authority, and anticipates reimbursement in the future.

The Township has joined the City of South Haven and the Townships of Casco and Geneva in establishing a joint emergency services authority (the authority) to provide fire and ambulance services in the authority's area of operation, which includes the Township of South Haven. The operations of the authority are financed by taxes levied annually within the participating units of government.

The Township has joined the Cities of South Haven and Bangor and the Townships of Casco, Geneva, and Covert in establishing a joint regional airport authority (the authority) to provide airfield services in the authority's area of operation, which includes the Charter Township of South Haven. The operations of the authority are financed by annual contributions within the participating units of government, as well as, hangar rentals and fuel sales. During the year ended December 31, 2004, the Township contributed \$24,886 towards the authority's operations.

**NOTE 12 - RISK MANAGEMENT:**

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation). The Township has purchased commercial insurance for each of these claims and is neither self-insured, nor participates in a shared-risk pool. Settled claims relating to commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

**Charter Township of South Haven**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**NOTE 13 - DEFINED CONTRIBUTION PENSION PLAN:**

The Township provides pension benefits for substantially all of its full-time employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. Officials are eligible to participate from the date they are elected to office. The Township contributes 5% of each qualified employee's base salary or \$300, whichever is more, to the plan. The Township's contributions are fully vested immediately. The Township made the required contributions of \$3,989 for the year ended December 31, 2004, and \$1,171 for past service to eligible employees.

The Township is not a trustee of the plan, nor is the Township responsible for investment management of plan assets.

**NOTE 14 - CONSTRUCTION CODE ACT:**

A summary of construction code enforcement transactions for the year ended December 31, 2004, is as follows:

Revenues	\$ 78,341
Expenses	<u>77,139</u>
Excess of revenues over expenses	<u>\$ 1,202</u>

**NOTE 15 - PRIOR PERIOD ADJUSTMENTS:**

Prior period adjustments have been recorded in 2004 that resulted in fund balance restatement of the General Fund. Fund equity of the General Fund as of January 1, 2004, included in the financial statements, represents the restated balance as presented below. The following schedule identifies the nature and amount of the adjustments recorded.

Fund balance - beginning , as previously reported	\$ 1,329,050
Prior period adjustment - understatement of receivables	11,904
Prior period adjustment - overstatement of payables	<u>12,386</u>
Fund balance - beginning, as restated	<u>\$ 1,353,340</u>

**Charter Township of South Haven**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**NOTE 16 - CHANGE IN ACCOUNTING PRINCIPLES:**

Effective January 1, 2004, the Township implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, along with all related statements and interpretations. In connection with the implementation of this statement, the following adjustments to beginning net assets have been made to reflect the cumulative effect of this accounting change in the governmental funds:

Net assets as previously reported	\$ 1,354,834
Capital assets are used in governmental activities are not financial resources and, therefore, are not reported in the funds.	205,745
Prepaid expenses are not a current financial resource and, therefore, are not reported in the funds.	5,680
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	3,847,817
Long-term liabilities, including contracts and assessments payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(3,931,728)</u>
Net assets, as restated	<u>\$ 1,482,348</u>

## **REQUIRED SUPPLEMENTARY INFORMATION**

**Charter Township of South Haven**  
**BUDGETARY COMPARISON SCHEDULE - General Fund**  
Year ended December 31, 2004

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
<b>REVENUES</b>				
Taxes	\$ 140,000	\$ 140,000	\$ 102,431	\$ (37,569)
Licenses and permits	40,000	40,000	80,561	40,561
State grants	325,000	325,000	323,748	(1,252)
Charges for services	2,000	2,000	10,070	8,070
Interest and rentals	8,950	8,950	9,592	642
Other	19,000	19,000	23,225	4,225
Total revenues	<u>534,950</u>	<u>534,950</u>	<u>549,627</u>	<u>14,677</u>
<b>EXPENDITURES</b>				
Legislative	<u>4,000</u>	<u>4,000</u>	<u>3,895</u>	<u>105</u>
General government:				
Supervisor	28,700	28,700	27,343	1,357
Election	6,000	6,000	11,396	(5,396)
Assessor	24,500	24,500	24,372	128
Clerk	21,000	21,000	23,861	(2,861)
Board of review	1,500	1,500	720	780
Treasurer	24,350	24,350	16,594	7,756
Hall and grounds	55,000	55,000	40,693	14,307
Other	73,000	73,000	68,560	4,440
Total general government	<u>234,050</u>	<u>234,050</u>	<u>213,539</u>	<u>20,511</u>
Public safety:				
Police	140,000	140,000	126,722	13,278
Building inspections	32,000	32,000	77,139	(45,139)
Total public safety	<u>172,000</u>	<u>172,000</u>	<u>203,861</u>	<u>(31,861)</u>
Public works:				
Highways and streets	50,000	50,000	67,319	(17,319)
Transfer station	20,000	20,000	17,706	2,294
Airport authority	-	-	24,886	(24,886)
Total public works	<u>70,000</u>	<u>70,000</u>	<u>109,911</u>	<u>(39,911)</u>

**Charter Township of South Haven**  
**BUDGETARY COMPARISON SCHEDULE - General Fund (Continued)**  
Year ended December 31, 2004

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
<b>EXPENDITURES (Continued)</b>				
Community and economic development - planning and zoning	<u>\$ 33,000</u>	<u>\$ 33,000</u>	<u>\$ 40,055</u>	<u>\$ (7,055)</u>
Debt service - principal	<u>43,000</u>	<u>43,000</u>	<u>35,470</u>	<u>7,530</u>
Total expenditures	<u>556,050</u>	<u>556,050</u>	<u>606,731</u>	<u>(50,681)</u>
<b>DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	<u>(21,100)</u>	<u>(21,100)</u>	<u>(57,104)</u>	<u>(36,004)</u>
<b>OTHER FINANCING SOURCES</b>				
Transfer from Police Fund	<u>-</u>	<u>-</u>	<u>71,778</u>	<u>71,778</u>
<b>NET CHANGES IN FUND BALANCES</b>	<u>(21,100)</u>	<u>(21,100)</u>	<u>14,674</u>	<u>35,774</u>
<b>FUND BALANCES - BEGINNING</b>	<u>1,353,340</u>	<u>1,353,340</u>	<u>1,353,340</u>	<u>-</u>
<b>FUND BALANCES - ENDING</b>	<u><u>\$ 1,332,240</u></u>	<u><u>\$ 1,332,240</u></u>	<u><u>\$ 1,368,014</u></u>	<u><u>\$ 35,774</u></u>



**Charter Township of South Haven**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCE - BUDGET AND ACTUAL - Fire and Ambulance Fund**

*Year ended December 31, 2004*

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	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
<b>REVENUES</b>				
Taxes	\$ 317,000	\$ 317,000	\$ 307,148	\$ (9,852)
<b>EXPENDITURES</b>				
Public safety	<u>317,000</u>	<u>317,000</u>	<u>306,034</u>	<u>10,966</u>
<b>NET CHANGES IN FUND BALANCES</b>	-	-	1,114	1,114
<b>FUND BALANCES - BEGINNING</b>	<u>1,494</u>	<u>1,494</u>	<u>1,494</u>	<u>-</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 1,494</u>	<u>\$ 1,494</u>	<u>\$ 2,608</u>	<u>\$ 1,114</u>

## **SUPPLEMENTARY INFORMATION**

**Charter Township of South Haven**  
**COMBINING BALANCE SHEET - nonmajor governmental funds**  
December 31, 2004

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	<i>Special revenue funds</i>				<i>Total</i>
	<i>Library</i>	<i>Hospital</i>	<i>Police</i>	<i>Seniors</i>	
<b>ASSETS</b>					
Cash	\$ 16,292	\$ 35,801	\$ 19,360	\$ 6,444	\$ 77,897
Receivables	<u>47,466</u>	<u>28,283</u>	<u>56,404</u>	<u>18,789</u>	<u>150,942</u>
Total assets	<u>\$ 63,758</u>	<u>\$ 64,084</u>	<u>\$ 75,764</u>	<u>\$ 25,233</u>	<u>\$ 228,839</u>
<b>LIABILITIES</b>					
Liabilities:					
Payables	\$ -	\$ 26,102	\$ -	\$ -	26,102
Deferred revenue	<u>63,758</u>	<u>37,982</u>	<u>75,764</u>	<u>25,233</u>	<u>202,737</u>
Total liabilities	<u>\$ 63,758</u>	<u>\$ 64,084</u>	<u>\$ 75,764</u>	<u>\$ 25,233</u>	<u>\$ 228,839</u>

**Charter Township of South Haven****COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES - nonmajor governmental funds**

Year ended December 31, 2004

	<u>Special revenue funds</u>				
	<u>Library</u>	<u>Hospital</u>	<u>Police</u>	<u>Seniors</u>	<u>Total</u>
<b>REVENUES</b>					
Taxes	\$ 60,407	\$ 35,991	\$ 71,778	\$ 23,911	\$ 192,087
<b>EXPENDITURES</b>					
Health and welfare	-	35,991	-	23,911	59,902
Culture and recreation	60,407	-	-	-	60,407
Total expenditures	60,407	35,991	-	23,911	120,309
<b>EXCESS OF REVENUES OVER EXPENSES</b>	-	-	71,778	-	71,778
<b>OTHER FINANCING USES</b>					
Operating transfer out	-	-	(71,778)	-	(71,778)
<b>NET CHANGES IN FUND BALANCES</b>	-	-	-	-	-
<b>FUND BALANCES - BEGINNING</b>	-	-	-	-	-
<b>FUND BALANCES - ENDING</b>	\$ -	\$ -	\$ -	\$ -	\$ -